

Message Text

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ACTION NEA-10

INFO OCT-01 ISO-00 CIAE-00 COME-00 EB-08 INR-07 LAB-04
NSAE-00 SIL-01 PER-03 FSE-00 ABF-01 AID-05 FRB-01
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FM AMEMBASSY MANAMA BAHRAIN
TO SECSTATE WASHDC 4406
INFO AMEMBASSY ABU DHABI UAE
AMEMBASSY DOHA QATAR
AMEMBASSY JIDDA SAUDI ARABIA
AMEMBASSY KUWAIT KUWAIT
AMCONSUL DHAHRAN SAUDI ARABIA

UNCLAS MANAMA 675

ABU DHABI PLEASE PASS DUBAI

FOR NEA/EX AND NEA/ARP

E.O. 11652: N/A

TAGS : ELAB, ECON, BA

SUBJECT : GOVERNMENT TO ANNOUNCE PAY INCREASES

1. ACCORDING TO SEVERAL SOURCES, GOB IS EXPECTED TO ANNOUNCE
SIGNIFICANT PAY RAISES FOR ALL CIVIL SERVANTS BY THE END OF
MARCH. IT IS GOING TO ANNOUNCE A TEN PERCENT COST-OF-LIVING
INCREASE FOR ALL EMPLOYEES AND VARIOUS MINISTERS WILL SUGGEST
BOTH PUBLICLY AND PRIVATELY THAT IT WILL BE APPROPRIATE FOR
THE PRIVATE SECTOR TO FOLLOW SUIT. AT THE SAME TIME, GOB WILL
ANNOUNCE A PERSONNEL "RESTRUCTURING" WHICH WILL BE BASED ON
RECLASSIFICATION AND UPDATING OF JOB DESCRIPTIONS BEING DONE
BY FIVE-MAN AMERICAN TEAM LED BY THE AMERICAN WHO IS NOW DIRECTOR
GENERAL OF THE BAHRAIN CIVIL SERVICE REPORTING TO GOB MINISTER
OF STATE FOR CABINET AFFAIRS. THE RESTRUCTURING WILL RESULT
IN AN AVERAGE ADDITIONAL FIFTEEN PERCENT PAY RAISE FOR CIVIL
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SERVANTS IN AN ATTEMPT TO BRIDGE THE GAP WHICH HAS DEVELOPED
BETWEEN CIVIL SERVANTS AND PRIVATE SECTOR PAY SCALES.

2. WE ARE ASSURED THAT THE GOB INTENDS TO DISCOURAGE THE PRIVATE
SECTOR FROM MATCHING THE FIFTEEN PERCENT PAY RAISE ON THE
LOGICAL IF NAIVE GROUNDS THAT ITS EMPLOYEES WOULD THEN BE BACK
WHERE THEY STARTED. NAIVE BECAUSE THE GOB HAS TRIED THIS

BEFORE -- IN FACT, ANNUALLY FOR THE PAST THREE YEARS. THE
DRAMA USUALLY ENFOLDS THUSLY: GOVT PAY RAISE ANNOUNCED, LEADING
PRIVATE SECTOR FIRMS RECEIVE PAY RAISE DEMANDS BY EMPLOYEES,
GOVT ANNOUNCES PRIVATE SECTOR SHOULD NOT FOLLOW ITS EXAMPLE,
WORKERS STRIKE OR SEND PROTEST GROUPS TO MINISTERS, NOTABLY
SHAIKHS WHO FIND IT DIFFICULT TO SAY NO TO SUCH WORKER DEMANDS
(INCLUDING MINISTER OF LABOR); INSTEAD, THEY ANNOUNCE ARBITRATION
PANELS WHO INVARIABLY RULE TO WORKERS BENEFIT. THUS WHOLE SPIRAL,
WHICH CERTAINLY ADDS TO GENERAL INFLATIONARY TRENDS, CONTINUES
UP AND GOVT WORKERS REMAIN SIGNIFICANTLY LESS WELL PAID THAN
PRIVATE SECTOR WORKERS. GOVT CONTINUES TO HAVE DIFFICULTY KEEPING
TALENTED AND COMPETENT WORKERS.

3. WE UNDERSTAND FROM THE MANAGING DIRECTOR OF THE NATIONAL BANK
OF BAHRAIN, WHICH IS OFTEN A PACE-SETTER IN THIS REGARD, THAT BY
MID-APRIL IT WILL ANNOUNCE VERY SIGNIFICANT PAY RAISES, RANGING
FROM THIRTY TO FIFTY PERCENT FOR ALL EMPLOYEES. ASIDE FROM
COST-OF-LIVING INCREASES, THIS WILL ALSO BE COUCHED IN TERMS OF
JOB RECLASSIFICATION AND RESTRUCTURING.

4. ACCORDING TO MINISTRY OF FINANCE, THE COST-OF-LIVING
INFLATION RATE WAS KEPT TO FOURTEEN PERCENT IN CALENDAR YEAR
1976. THIS IS BASED ON MODEL FIVE-MEMBER BAHRAINI FAMILY AND
ON BASIC CONSUMER GOODS WHICH IT USES (FOODSTUFFS AND A FEW
SERVICES).

5. THE USUAL ANNUAL SPATE OF MARCH STRIKES HAS YET TO MATERIALIZE
THIS YEAR. ONLY THE OAPEC-FINANCED AND OWNED ARAB SHIPBUILDING
AND REPAIR YEAR (ASRY) AND A COUPLE OF LOCAL BANKS HAVE BEEN
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STRUCK IN WHAT MUST BE THE CALMEST MARCH, LABORWISE, IN PAST
TEN YEARS.

6. COMMENT: GOB IS NOT ONLY GOVT INSTITUTION IN BAHRAIN
WHICH HAS DIFFICULTY IN KEEPING UP WITH LOCAL WAGE MARKET. THIS
EMBASSY WHICH ONLY WITHIN PAST TWO MONTHS IMPLEMENTED PAY RAISES
BASED ON WAGE SURVEY TEAM VISIT IN NOVEMBER WILL BE EFFECTED
AS WELL.
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Message Attributes

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